

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF DURHAM
CONCERNING VARIOUS ELECTRICITY RATE INCREASES
FOR NORTH CAROLINA**

WHEREAS, the City of Durham recognizes the importance of an adequate and reliable supply of electricity at lowest reasonable cost while maximizing efficiency; and

WHEREAS, on July 1, 2011, Duke Energy Carolinas, LLC filed Docket No, E-7 Sub 989 with the N.C. Utilities Commission for a general rate increase to be effective August 1, 2011; and

WHEREAS, as stated in the filing, rate increases are proposed as follows:

<u>Customer Classes</u>	<u>Percent change proposed</u>
Residential	17.4%
General Service	13.6
OPT-General	14.6
OPT-Industrial	14.7
Industrial	12.8
<u>Lighting</u>	<u>8.3</u>
Overall	15.5

; and

WHEREAS, Duke Energy acknowledges that seeking a rate increase during extraordinarily difficult economic times could pose hardship to its customers, including local governments and their citizens; and

WHEREAS, public outdoor lighting provided by local governments is important to public safety and benefits all citizens of the State; and

WHEREAS, substantial rate increases for public lighting will reduce the ability of local governments to pay for this service; and

WHEREAS, the rate increases proposed by Duke Energy to recover costs for increased capacity should not be assigned to the public lighting tariff for the following reasons: public lighting consumes electricity in off-peak hours; rate increases to pay for increased peak generation capacity should not be assigned to the off-peak loads of public lighting tariffs; such lighting tariff increases would disproportionately impact municipal residents; and a rate increase for this service was already granted within the past two years.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DURHAM that:

- Section 1. The North Carolina Utilities Commission is urged to reject Duke Energy's rate increase request as proposed, and if the Commission believes Duke Energy provides compelling proof that some increase is required, to keep it to the lowest amount reasonable under applicable law, to spread any allowed rate increases out over time to minimize customer impact, and to ensure that rates applied to municipalities are structured equitably.
- Section 2. Should any rate increase for Public Lighting or Governmental Lighting be approved, the tariff should require Duke Energy to perform regular inspection and maintenance of such lighting as a part of the service without requiring outage reporting by the customer or additional charges for such service.
- Section 3. Given the difficult local and State budget circumstances, any rate increases should be made effective in the future at the beginning of governmental fiscal years to allow budget planning.
- Section 4. The City Manager, with the assistance of the City Attorney, is authorized to convey this resolution to the North Carolina Utilities Commission, and to take action in this docket as appropriate in support of this resolution.
- Section 5. This resolution shall be effective on and after its passage.